

Message Text

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TAGS: EGEN, EIND, GR

SUBJECT: PAPALIGOURAS SPEECH ON GREEK ECONOMY

REF: (A) ATHENS 1278; (B) ATHENS 772; (C) ATHENS 8831, 12/12/74.

1. MINISTER COORDINATION AND PLANNING PAPALIGOURAS ADDRESSED FOREIGN PRESS ASSOCIATION LUNCHEON FEBRUARY 19. SPEECH AND REMARKS IN SUBSEQUENT QUESTION-AND-ANSWER SESSION CENTERED ON GENERAL GOG ECONOMIC POLICY AND WERE LARGELY CONFINED TO REHASH OF PREVIOUS GOVERNMENTAL STATEMENTS. FULL ENGLISH TEXT OF SPEECH BEING AIRPOUCHED. SUMMARY OF MOST SIGNIFICANT POINTS FOLLOWS:

2. INFLATION - ADVANCED IN 1974 AT RATE OF 13.5 PERCENT.

3. GNP GROWTH - PAPALIGOURAS REPEATED FIGURE USED LAST WEEK BY BANK OF GREECE GOVERNOR ZOLOTAS (SEE REF A) OF MINUS 2 PERCENT REAL GNP GROWTH IN 1974

4. EEC - GREECE WILL BE READY AT END OF 1975 TO SUBMIT SPECIFIC TIMETABLE FOR COMPLETE INTEGRATION. INTEGRATION ACHIEVABLE WITHIN A "VERY SHORT" PERIOD, UNDER SPECIAL CONDITIONS NOT FUNDAMENTALLY DIFFERENT FROM THOSE APPLIED FOR UK AND IRELAND. HE ACKNOWLEDGED THAT RESTRUCTURING OF THE GREEK ECONOMY WOULD BE UNCLASSIFIED

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NECESSARY TO MAKE GREECE COMPETITIVE

5. THE DRACHMA - IN HIS SPEECH PAPALIGOURAS MADE ONLY A BRIEF REFERENCE TO THE NECESSITY FOR MONETARY STABILITY. IN THE QUESTION-AND-ANSWER SESSION HE STATED THAT THE GOG IS STUDYING THE QUESTION OF A "FLOAT," COMMENTED THAT A CHIEF CONCERN IS THE PROTECTION OF THE PURCHASING POWER OF THE DRACHMA VIS-A-VIS MAJOR TRADE PARTNERS, AND STRESSED THAT THERE WOULD BE NO DEVALUATION

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COMMENT: ALTHOUGH BOTH PAPALIGOURAS AND BANK OF GREECE GOV ZOLOTAS (REF A) HAVE RECENTLY REFERRED TO GOG STUDY OF FLOAT, ADOPTION OF TRUE FLOAT IMPROBABLE. BASED ON PUBLIC AND PRIVATE STATEMENTS, OBJECTIVE OF GOG OFFICIALS IS TO DEVISE SOMEWHAT MORE FLEXIBLE, BUT STILL CLOSELY MANAGED, SYSTEM OF ESTABLISHING DRACHMA RATE

6. PRIVATE ENTERPRISE - PAPALIGOURAS SUPPORTED CONCEPT OF PRIVATE INITIATIVE "BECAUSE IT CAN ASSIST US IN ACCELERATING OUR ECONOMIC GROWTH." HE ADDED, HOWEVER, THAT THE "GREENHOUSE" CLIMATE "WHICH THE DICTATORS ALLOWED," WHAT HE TERMED "HYPER-PROTECTION" WILL BE ABOLISHED AND EXCESSIVE PROFITS RESULTING FROM MONOPOLIES OR PREFERENTIAL PROTECTION WILL DISAPPEAR

7. INTERNATIONAL ECONOMIC RELATIONS - GOG IS DETERMINED TO STRENGTHEN ECONOMIC TIES WITH SOCIALIST COUNTRIES, AND MUST BECOME AN ECONOMIC BRIDGE BETWEEN EUROPE AND THE MIDDLE EAST AND AFRICA

8. FOREIGN INVESTMENT - HE CONFIRMED CONSTITUTIONAL SAFEGUARDS FOR REPATRIATION OF CAPITAL AND PROFITS. HE ADDED, HOWEVER, THAT FOREIGN INVESTMENTS MADE DURING THE JUNTA PERIOD WOULD BE REVIEWED FOR ACCEPTABILITY. EVEN IN THE EVENT REVISIONS HAD TO BE MADE, HE EXPRESSED CONFIDENCE IT COULD BE DONE ON A BASIS MUTUALLY ACCEPTABLE TO GOG AND INVESTOR. HE ACKNOWLEDGED THE IMPORTANCE OF THE INFLOW OF FOREIGN CAPITAL TO ENABLE RAPID ECONOMIC AND SOCIAL PROGRESS.
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